

## Message Text

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44

ACTION ARA-17

INFO OCT-01 ADP-00 AGR-20 EB-11 AID-20 CIAE-00 DODE-00

PM-09 H-02 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01

PRS-01 SS-15 USIA-12 PC-04 RSR-01 /140 W

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R 06163; Z APR 73

FM AMEMBASSY SAN SALVADOR  
TO SECSTATE WASHDC 2536

CONFIDENTIAL SAN SALVADOR 1296

E. O. 11652 - GDS

TAGS: EAGR, ES

SUBJECT: AGRARIAN REFORM RUMORS INCREASE

REF: A. SAN SALVADOR A-33; B. SAN SALVADOR A-28

1. LATEST RUMORS IN BUSINESS CIRCLES ON LONG AWAITED AGRARIAN REFORM LEGISLATION CENTER ON POSSIBLE LAND PACELLING LAW WHICH, IT IS CONTENTED, WILL SOON BE RUSHED THROUGH LEGISLATIVE ASSEMBLY WITH UNSEEMLY HASTE AS WAS THE RECENT LAND RECLAMATION LAW (REF B). THE LEGISLATION SUPPOSEDLY WOULD FREEZE PRESENT LAND HOLDINGS AND PREVENT SUBDIVISION OF PROPERTY AMONG RELATIVES UNTIL ACTUAL AGRARIAN REFORM LEGISLATION CAN BE PRESENTED. ONE LARGE FIRM CONSIDERING A MAJOR LAND PURCHASE HAS REPORTEDLY BEEN ADVISED BY MINISTER OF AGRICULTURE ALVAREZ THAT SUCH A MOVE "WOULD NOT BE GOOD BUSINESS" AND SOME FAMILIES ARE REPORTED TO BE DIVIDING UP THEIR HOLDINGS AMONG RELATIVES THIS WEEK, WHILE OTHERS ARE EVICTING TENANTS. THIS SPECULATION IS PROBABLY REINFORCED BY MOLINA'S COMMENT DURING HIS APRIL 4 PRESS CONFERENCE THAT THE GOVERNMENT'S CONTEMPLATED AGRARIAN REFORM PLAN WAS UNDERGOING FINAL REVIEW.

2. AGRICULTURE MINISTRY AND PRIVATE BUSINESS SOURCES TOLD US THAT CONAPLAN EXEC. SEC. NOYOLA WAS CLOSETED WITH AGRICULTURE MINISTER ALVAREZ AND HIS DEPUTY OSEGUEDA  
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FOR THREE DAYS (MARCH 28-30) IN AN INTENSIVE EFFORT TO PUT THE AGRARIAN REFORM BILL ITSELF INTO FINAL FORM.

MINISTER ALVAREZ HAS BEEN VIRTUALLY UNAVAILABLE TO OUTSIDERS THIS WEEK TOO, WHICH TENDS TO SUPPORT THE SPECULATION THAT THE BILL MAY BE INTRODUCED AND RUSHED THROUGH BEFORE THE EASTER WEEK BREAK. THERE ARE CONFLICTING STORIES ON THE SUBSTANCE OF THE PROPOSED AGRARIAN REFORM. SOME REPORT THE MINISTRY TO BE STUDYING CRITERIA OF UTILIZATION AND MAXIMUM/ MINIMUM SIZE AREAS TO SUPPORT A FAMILY JNIT. ALL SOURCES REPORT THAT COFFEE, SUGAR AND PERHAPS COTOON FARMS-- THE ESSENTIAL FOREIGN EXCHANGE EARNERS-- WILL BE EXEMPT.

3. COMMENT: WHAT THE MOLINA GOVERNMENT MEANS BY AGRARIAN REFORM REMAINS THE BIG PUZZLE. THE PRESIDENT HAS BEEN QUESTIONED DIRECTLY ON HIS PLANS BY LARGE LAND OWNERS SUCH AS THE REGALADO FAMILY AND HAS SUPPOSEDLY ASSURED THEM THAT HIS PROGRAM, DESIGNED TO SOLIDIFY CAMPESINO SUPPORT FOR THE PCN, WOULD IN PRACTICE HAVE LITTLE EFFECT ON THEIR INTERESTS. HE WILL HAVE TO OFFER SIMILAR ASSURANCES TO HIS OWN PARTY LEADERS, MANY OF WHOM ARE SMALL OR MEDIUM LANDHOLDERS THEM-SELVES, IF HE IS NOT TO CREATE SERIOUS DIVISIONS WITHIN THE PCN. GIVEN THE MAKE- UP OF THE PCN AND ITS GENERALLY MODERATE NATURE, WE TEND TO AGREE WITH THOSE WHO BELIEVE THE REFORM WILL NOT AFFECT LANDS, REGARDLESS OF SIZE, WHICH ARE IN COMPLETE OR RELATIVELY HIGH UTILIZATION.

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